

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/30)
BUTTER: Grade AA closed at \$1.1500. The weekly average for Grade AA is \$1.1505 (-.0075).

CHEESE: Barrels closed at \$1.1650 and blocks at \$1.1725. The weekly average for barrels is \$1.1650 (-.0075) and blocks, \$1.1740 (-.0085).

BUTTER: The cash butter market is weak with the price dipping to \$1.1500 early in the week, the lowest point since mid April. There are available supplies throughout the country to fill current and future demand for both bulk and print. Inventories are still running well ahead of last year, but increasing at a slower pace. Butter production has been lighter in recent weeks as Class II demand is absorbing increasing volumes of cream, especially for ice cream production. This increased Class II demand is declining as many operations will cease production during the holiday period, thus additional cream volumes will become available for churning purposes. Although still uncertain, butter producers are questioning what prices will do during this time. In recent days, pricing multiples have been very firm and have limited some buying patterns. In some instances, butter producers decided to sell cream volumes due to the favorable return versus churning. Butter demand was fair at best as most buyers have stocks in place for the upcoming holiday weekend. Producers and handlers anticipate that sales will remain limited for another week or so until buyers assess their inventories following the holiday period and return to the market.

CHEESE: The cheese market is unsettled to weak. Recent promotions have helped move extra product but the affect may be lessening. Offerings of current cheddar blocks are increasing and continuing to affect the barrel/block spread. Barrels are generally in better balance though some spot offerings of Western product have been reported. Swiss supplies remain tight. Mozzarella remains snug from some plants though available from others. Cheese production is declining in the West and Southwest due to falling milk receipts. In the upper Midwest, production is steady to lighter, though mainly due to declines in milk solids more so than in milk receipts.

FLUID MILK: Milk production trends across the country are feeling the effects of summer weather patterns. Milk output is declining in nearly all parts of the country with temperatures and humidity levels are on the rise. Milk handlers across the country anticipate no major problems in handling milk volumes during the upcoming 4th of July holiday period. Some manufacturing plants are scheduled to be down a day or two during the holiday period, but anticipate heavy production schedules when in operation. Cream markets are firm as milk output declines, less fat is available in the milk, and demand is stronger from ice cream producers. Many ice cream makers will be down for the long holiday weekend and cancelling some loads for next week. This is pushing more cream onto the market for next week, which will likely impact multiples later this week. Spot prices are mixed, the higher multiples combined with lower CME butter average actually resulted in some lower, per pound butterfat prices.

DRY PRODUCTS: Dry product markets are mixed. The nonfat dry milk market remains generally weak although prices are both higher and lower. Early in the week, the CME cash NDM price declined for the first time since January. Many producers and handlers question the significance of the decline at a time when powder markets have been weak for much of that time period, millions of pounds have cleared to the government at \$0.8000 per pound, and commercial prices are projected to increase soon. Production is trending lower and expected to continue moving down as milk intakes decline seasonally.

Buttermilk powder markets are steady to firm with prices unchanged to generally higher. Good export movement and renewed interest from ice cream manufacturers and bakeries is decreasing available inventories. Drying schedules remain active, but more condensed solids are moving toward ice cream production. Whey powder prices are generally unchanged although the market tone continues to show signs of firming. Production levels are generally steady, although milk output is trending seasonally lower in some areas.

CCC: During the week of June 26 - 30, net purchases by CCC totaled 1,704,045 pounds of NDM. This week, Central producers offered 484,284 pounds with Western producers offering 1,219,761 net pounds.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the June 2006 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$11.00 (-\$0.13), Class III \$11.29 (+\$0.46), and Class IV \$10.22 (-\$0.11). Product price averages used in computing Class prices are: butter \$1.1513, NDM \$0.8221, cheese \$1.2166, and dry whey \$0.2808. The Class II butterfat price is \$1.2506 and the Class III/IV butterfat price is \$1.2436. Further information may be found at: www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf

JUNE AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2006 was unchanged at 147. Compared with June 2005, the index was up 6 points (4.3%). The index of prices received by farmers for dairy products advanced 1 point during the month of June 2006 to 93. Compared with June 2005, the index was down 17 points (15.5%). Prices received by farmers in June with changes from May were: for All Milk, \$12.10, up \$.10; Fluid Grade Milk, \$12.10, up \$.10; and for Manufacturing Grade Milk, \$11.40, up \$.10.

COOPERATIVE CLASS I PRICES (AMS): For July 2006, the all-city average announced cooperative Class I price was \$15.78 per cwt., \$1.91 higher than the Federal milk order (FMO) Class I price average for these cities, a new record high difference. The July cooperative Class I price was \$.60 higher than the June price, while the Federal order Class I price was \$.59 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.64 in Miami, FL. For July 2005, the all-city average announced cooperative Class I price was \$17.99, \$1.57 higher than the Federal order Class I price average for these cities.

USDA ISSUES NOTICE OF INTENT TO RECONVENE NATIONAL PUBLIC HEARING TO AMEND CLASS III AND IV MILK PRICE FORMULAS: On June 27, the U. S. Department of Agriculture announced its intent to reconvene a national public hearing to amend the Class III and Class IV price formulas. USDA will reconvene the national hearing, originally held Jan. 24-27, 2006, in Alexandria, Va., to assure that any changes to manufacturing allowance factors used in Federal order Class III and Class IV product price formulas are appropriate and reflective of manufacturing costs. USDA also welcomes additional proposals addressing the Federal order Class III and Class IV price formulas for further consideration in the reconvened hearing. The additional proposals are due on or before Sept. 30, 2006. The notice of intent to reconvene the hearing will be published as a proposed rule in the June 28 Federal Register. Copies of the notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The notice is available on AMS' web site: www.ams.usda.gov/dairy.

****SPECIALS THIS ISSUE****

JUNE AGRICULTURAL PRICES HIGHLIGHTS (PAGE 8)
 ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 9)
 JULY FEDERAL ORDER ADVANCE PRICES (PAGE 10)
 DAIRY GRAPHS (PAGES 11 - 12)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY JUNE 26	TUESDAY JUNE 27	WEDNESDAY JUNE 28	THURSDAY JUNE 29	FRIDAY JUNE 30	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	(N.C.)	\$1.1650 (-.0075)
40# BLOCKS	\$1.1750 (N.C.)	\$1.1750 (N.C.)	\$1.1750 (N.C.)	\$1.1725 (-.0025)	\$1.1725 (N.C.)	(-.0025)	\$1.1740 (-.0085)
BUTTER							
GRADE AA	\$1.1525 (N.C.)	\$1.1500 (-.0025)	\$1.1500 (N.C.)	\$1.1500 (N.C.)	\$1.1500 (N.C.)	(-.0025)	\$1.1505 (-.0075)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2. NOTE: CME cash dairy markets are closed July 3 - 4.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 26, 2006

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1650; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1750; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 2 @ \$1.1425, 1 @ \$1.1400; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.1600

TUESDAY, JUNE 27, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1550; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$0.8700; 1 CAR GRADE A @ \$0.8700
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.1500; BIDS UNFILLED: 7 CARS GRADE AA: 1 @ \$1.1400, 1 @ \$1.1375, 2 @ \$1.1350, 1 @ \$1.1325, 2 @ \$1.1300; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.1600

WEDNESDAY, JUNE 28, 2006

CHEESE — SALES: 8 CARS 40# BLOCKS: 2 @ \$1.1725, 1 @ \$1.1750, 1 @ \$1.1775, 1 @ \$1.1800, 1 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 2 @ \$1.1750, 1 @ \$1.1800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS GRADE AA @ \$1.1500; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.1400; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1525

THURSDAY, JUNE 29, 2006

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1725, 1 @ \$1.1750, 1 @ \$1.1725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1650; 2 CARS 40# BLOCKS: 1 @ \$1.1725, 1 @ \$1.1800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ \$1.1450, 2 @ \$1.1400; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 30, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1725
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.1500; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ \$1.1475, 2 @ \$1.1450; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1800

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8700 and Grade A at \$0.8700. (The last price change for Extra Grade and Grade A was on June 27, 2006.) The weekly average for Extra Grade is \$0.8740 (-.0160) and Grade A is \$0.8735 (-.0140).

BUTTER MARKETS

MAY COLD STORAGE

According to NASS, May month-ending cold storage figures for butter total 229.8 million pounds, 29.0% more than last May and 19.0% heavier than April 2006.

NORTHEAST

The butter market is steady. The CME cash price moved steadily lower last week and, through 6/26, has settled for three straight sessions at \$1.1525. This down turn in butter prices sort of “flies in face” of the stronger Class II cream demand and less butter production. However, the most recent cold storage report shows significant increases over year ago and month ago levels. Demand for butter is fair. The heavy rain and flooding in Middle Atlantic are having an impact on deliveries and retail movement. Food service orders are slower due to the inclement weather along the Shore. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

During the past week, the CME cash price has declined 1/2 cent to settle at \$1.1500 at midweek. This is the lowest price since mid April. Producers state that cream supplies remain available for churning purposes, although lighter than a few weeks ago. Summer temperatures are spurring ice cream sales, thus Class II cream demand is strong. Butter producers feel that cream supplies will become more available during the upcoming holiday period when many Class II operations reduce their production schedules. Although still uncertain, butter producers are questioning what prices will do during this time. In recent days pricing multiples have been very firm and have limited some buying patterns. In fact, some butter producers decided to sell cream volumes due to the favorable return versus

churning. Butter stocks continue to run heavier than last year at this time, although inventory increases have slowed. Butter demand is seasonally fair. Some retail features continue to be reported, otherwise retail sales are steady. Food service orders were slightly heavier this past week as food service outlets and restaurants prepare for the upcoming 4th of July holiday. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

The butter market remains unsettled to weak. There are available supplies in the region to fill current and nearby demand for both bulk and print needs. Orders from both food service and retail accounts are rated as steady. While retail featuring is limited, the general price declines have kept butter sales better than most projections during this normally slow time of year. Churning remains active, but has seen some recent declines as hot weather affects fat content and increased interest in cream from ice cream accounts. Active churning schedules remain in place for many producers. The butter price at the CME continues to slowly move lower and closed at \$1.1500, down a half cent from a week ago. Butter stocks at CME warehouses declined for the second straight week, moving 817,000 pounds lower at 155.8 million pounds. This compares to last year, when 101.6 million pounds were reported. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages. Cold Storage holdings surveyed at the end of May total 229.8 million pounds, up 15% or 29.6 million pounds from the end of last month. Stocks are up 29% or 51.8 million pounds from last year. Growth during the first five months of the year totals over 170 million pounds, a record for that period.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JUNE 24	1.2002	1.2027	0.8244	1.1486	0.2821
	10,581,659	10,524,502	27,974,327	4,952,490	8,738,234

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mostly lower as the prices at the CME cash cheese exchange moved lower last week. The market tone is cautiously steady at best. Cheese production in the Northeast is still quite heavy as surplus milk volumes, influenced by school closings, have not eased appreciably. Cheese stocks are fully adequate for the seasonally slow to fair demand. Buyers, waiting for clearer signs of market direction, continue to purchase for immediate needs. Recent cold storage reports show continued growth in cheese inventories. Retail sales are steady and food service orders are improving along typical summer patterns. However, this week's heavy rains and flooding in the Middle Atlantic region are hampering deliveries in that area. Power outages are also a concern for distributors and retailers.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2675-1.7875
Cheddar Single Daisies	:	1.2250-1.7100
Cheddar 40# Block	:	1.3225-1.5975
Process 5# Loaf	:	1.3825-1.6275
Process 5# Sliced	:	1.4025-1.7125
Muenster	:	1.3400-1.5400
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled to weak. Some spot buyers are playing the waiting game with new orders in the hope of additional price weakness. Most cutters and processors will be closed an extra day or two next week for the holiday observance. Many have been putting in overtime to build cushion supplies ahead of next week. This will reduce the bulk cheese requirements next week. For the most part, current cheese production is keeping up with demand, assuming the customer gets their order in on time. Spot offerings of mozzarella are available from some producers and not others. Cheddar interest for many aging programs is generally lighter as many feel adequate supplies may already be in storage except for traditional specialties such as June Daisies. Many producers are spending more time producing higher margin Colby/jack and pepper jack and sourcing cheddar elsewhere. Current milk supplies remains seasonally strong though cheese yields continue to slip seasonally. Some plant operators are finding milk receipts little changed and a few may even be higher than a month ago.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4425-1.6200
Brick And/Or Muenster 5#	:	1.6500-1.7400
Cheddar 40# Block	:	1.5200-2.2650
Monterey Jack 10#	:	1.6500-2.2650
Blue 5#	:	2.0450-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3700-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.1550-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

06/26/06	52,831	:	140,870
06/01/06	48,721	:	139,662
CHANGE	4,110	:	1,208
% CHANGE	8	:	1

WEST

The CME block price has held at the \$1.1750 mark for several trading sessions. There are more blocks available this week in the West than has been the case recently. Several producers have extra blocks that are not moving as well as expected. Demand is light to fair. Some buyers do not project much upside risk and are making minimal purchases. Others are in the market to fill needs. The barrel market appears to be tighter, with processors clearing barrels and other processing cheese solids. Most areas within the region are seeing milk production decline, mainly as a result of hotter weather. The Swiss cheese market is tight and product is moving well. Mozzarella markets are fair. Some processors are seeing seasonal slowdowns in demand, while others are making and shipping projected volumes. *Cold Storage* holdings of American cheese surveyed at the end of May total 580.7 million pounds, up 1% for the month or 6.3 million pounds. Stocks compared to a year ago actually declined by about 2 million pounds. This is the first decline compared to a year earlier since February 2005. Swiss cheese stocks at the end of May total 33.0 million pounds, up 40% or 9.5 million pounds from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3250-1.5825
Cheddar 40# Block	:	1.3000-1.6525
Cheddar 10# Cuts	:	1.4800-1.7000
Monterey Jack 10#	:	1.4900-1.6500
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Prices are unchanged to lower on domestic types; unchanged on imported types. The market tone is slowing seasonally. Supplies of domestic and imported cheese are adequate for the slow to fair demand. This week's heavy rains are disrupting delivery schedules in the Middle Atlantic area. Reports indicate that the cheese market in Europe is mostly steady.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.3500	1.5875-3.0675*
Gorgonzola	3.6900-5.9400	2.0900-2.4900*
Parmesan (Italy)	TFEWR	2.9950-3.1000*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-6.0900	1.5800-1.8175*
Romano (Cows Milk)	-0-	2.7775-4.9200*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	TFEWR	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	33	0	47	0	135
SOUTHEAST STATES	0	0	0	0	0	0

NOTICE: June 27, 2006 – The USDA announced its intent to reconvene a national public hearing to amend the Class III and Class IV price formulas. USDA also welcomes additional proposals addressing the Federal order Class III and Class IV price formulas for further consideration in the reconvened hearing. The additional proposals are due on or before Sept. 30, 2006. The notice is available on AMS' web site: www.ams.usda.gov/dairy.

Heavy rainfall is pounding a large portion of the Middle Atlantic area. This is causing flooding, soggy fields/pastures, stress for cows, and localized power outages. All of the above are having an impact on milk production and transportation schedules. Milk production is declining in nearly all parts of the East with the most noticeable declines in the Southeast where temperatures and humidity are on the rise. In the far North, the milk flow is slowly coming off the peak. Here too, rains are impacting first cutting hay harvest and field work. Fluid milk supplies are in better balance in the Southeast while still quite heavy in the Northeast where schools only recently recessed for the summer. Florida's supply and use are in better balance. Overall, Class I milk demand is just fair. Next week's holiday will likely have an impact on Class II product production as several plants will be down for a long weekend. This is probably going to push more milk into Class III & IV operations. Condensed skim sales are steady, but looking ahead to the July 4th holiday-week, some producers are discounting prices to keep from overloading their dryers as noted earlier about Class II operations. Currently, spot prices and sales of condensed skim are unchanged. A little more spot interest is noted where users are stepping up production runs to get ahead of down time next week. The fluid cream market is strong and multiples are increasing. However, many ice cream makers will be down for the long holiday weekend and cancelling loads for next week. This is pushing more cream onto the market for next week, which will likely impact multiples later this week. Spot prices are mixed; the higher multiples combined with the lower CME butter average actually resulted in some lower, per-pound-butterfat prices. Currently, spot demand is good and offerings are tight. Loads can be found, but buyers are balking at the high multiples (often as high as the mid 140's) currently being charged. The rainy weather is dampening demand for both hard and soft serve ice cream. Cream cheese production is mostly steady to lighter as spot cream availability has been so tight in recent weeks. Production of bottled cream, whipped cream, sour cream and dips are following seasonal patterns. Churning activity is light to moderate.

REPORTER'S NOTE: This is my last fluid milk and cream report after 38 years of service (32 with Dairy Market News). I wish to thank all my contacts/friends for helping me make this report what it is and has been over the years. It has been an honor to have worked and learned from each of you.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5633-1.6791
DELIVERED EQUIVALENT: ATLANTA	-	1.5865-1.7254 M 1.5980-1.6907
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4707-1.6444

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9000-.9700
NORTHEAST - CLASS III - SPOT PRICES	- .8900-.9500

M I D W E S T

Class I interest generally remains at light summer levels but a few bottlers reported a midweek boost in preparation for the upcoming holiday that handlers had no difficulty filling. Orders are below summer levels in other markets, causing additional volumes to back up into manufacturing channels. Class II demand is stronger on dips as well as cottage cheese and whipping cream. Ice cream interest is seasonally strong and producers try to keep inventories from declining too fast

and make the hottest selling items. Many operations have or will use overtime to make up for time closed for the holiday observance. Handlers are having more difficulty than usual organizing next week sales due to the changing schedules. Churning remains light and spot cream supplies are limited but available occasionally. A few loads of cream have been resold for a better return rather than churn due to tight supplies. Users are trying to better schedule cream receipts to minimize the need to sell cream at low multiples over the weekend and holiday just to pay more later. Cream normally sold into Pennsylvania and parts of the Northeast have been affected by the wet conditions. Manufacturing milk demand is spotty and sales remain fairly light. Reported spot milk prices range from around -\$0.50 to \$0.75, net seller. Milk intakes are mixed, declining in central and southern sections after extended periods of elevated temperatures. Receipts are flat to occasionally higher in northern states under near ideal conditions for milk production with reports indicating an increased number of freshenings. Manufacturing plant capacity may again be tested in some northern areas. Fat and protein tests are trending lower seasonally. Rain remains spotty in the northern and central states. Except for late planted or replanted fields, most corn should easily make the traditional "knee high by the 4th of July" standard.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 53.00	\$ 56.00- 62.50
REPLACEMENT HEIFER CALVES	\$350.00-575.00	\$425.00-690.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 44.00- 55.00	\$ 52.00- 59.50

W E S T

Production per cow for the 23 surveyed states in May was up 1.3% according to the *Milk Production* report. Output per cow for selected Western states compared to last year is as follows: Arizona +2.9%, California +0.5%, Colorado +2.6%, Idaho N/C, New Mexico +5.3%, Oregon -6.6%, and Washington N/C. Milk production has taken a "dive" in the Central Valley region of CALIFORNIA as daytime temperatures approached 110 degrees for many days in a row. Additionally, nighttime temperatures are not cooling to allow relief. The extent of the effect on the milk cows is being assessed, but an indication, load weights, was off 3-5% for several processors. The weather affected milk in Southern California, but after milk declined for several days, conditions improved and the output stabilized. Hay cropping conditions have improved and there are reports of better quality hay for the later cuttings. Fluid milk needs across the state are lower ahead of the upcoming holiday weekend. No one is expecting problems placing and handling milk over the extended time around the holiday. ARIZONA milk output is holding mostly steady as cows are becoming more accustomed to the summertime conditions. The problem on the horizon is increasing humidity and the upcoming "monsoon" season. It remains hard to cool cows when the humidity levels increase. Plants are taking available milk from other states for processing. There will likely be more milk over the holiday weekend, but offerings at midweek were minimal. NEW MEXICO milk production has actually picked up following some recent, rain-cooled days. The milk flow had been affected by the heat. Total milk is well above year ago levels. Processing room is available at local plants to handle any holiday milk. Fluid milk needs ahead of the weekend are limited. Milk supplies coming off the farm in the PACIFIC NORTHWEST are often lower as hot, summertime temperature invaded more of the region. Some areas were setting record highs. Cows are feeling some stress and that is showing up in the milk tanks and silos. The seasonal peak may be seen in several milksheds. In IDAHO and UTAH, milk output is holding mostly steady to higher when compared to recent weeks. Weather conditions are good in Utah and more milk and higher components are being produced. Added cows in Idaho are creating much more milk than last year. The impact of lower milk prices at the farm level is causing issues with buying hay. Some producers are choosing to buy lower quality forage. CREAM markets are trending higher as milk output declines, less fat is available in the milk, and more demand is developing from ice cream producers. The butter price at the CME continues to trade on the weak side. The midweek closing, \$1.1500, is down a half cent from last week. Western multiples have moved higher and range 106 to 126, FOB, and vary on basing points and class usage.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to lower on a steady market. Due to expected reductions in milk supply during the hot summer months, some manufacturers are including higher premiums in their prices as of July 1. Consequently, demand is somewhat improved as buyers attempt to receive additional loads before the commencement of new pricing plans. Despite expected reductions in milk supply, movement to the CCC is noted from the Central region. Additional supplies of NDM are mostly readily available from the coastal areas. Demand for instantized NDM is reportedly good. Condensed skim movement into Class II is improved and reducing dryer time for NDM production at some locations. High heat NDM demand is steady for the mostly contractual interest.

EAST: Prices are mostly steady in the East. Last week's NASS average NDM price (the basis for most NDM sales) decreased about \$0.0010. However, the major supplier in the market is reportedly holding firm to its pricing schedule as producer inventories in the East have tightened in recent weeks. The major suppliers' price formulae will change on July 1 and prices will likely increase next week. The market tone is unchanged to firmer. Production levels are steady at heavy levels in the Northeast and some producers are already trying to clear surplus condensed skim during the long, holiday weekend. Many condensed skim users will be shutting down for various periods of time during the holiday weekend and this forces more skim solids to be dried or cleared. Contacts report that Eastern producers have balanced to light inventories. This is rather sharp contrast to the late May - early June stocks, which were termed as excessive. Demand is good, but increasing prices are having an impact on demand. Plus, some mid-month purchases have taken a few buyers temporarily out of the market. The resale market is still a viable source for small-lot, immediate-needs purchases.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7950 - .8725 MOSTLY: .8300 - .8600
 HIGH HEAT: .8650 - .9300

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are generally steady with both lower and higher prices reported for the mostly series. The market tone is steady to slightly firm. The weak side to the market is the continued sales of NDM to the price support program at 80 cents per pound. Several producers announced July pricing strategies which are to implement past pricing programs. Discounted offerings are not as present on the market this week. Some buyers are attempting to buy ahead of any increases. Production is trending lower and expected to continue moving down as milk intakes decline seasonally. Stocks are variable and range from light to moderate.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7950 - .8350 MOSTLY: .8000 - .8300
 HIGH HEAT: .8300 - .8750

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 23	\$.8070	14,356,755	4,771,946
June 16	\$.8046	13,682,704	7,137,045

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are higher on a steady to firm market. Good export movement and renewed interest from ice cream manufacturers and bakeries is decreasing available inventories. Production is steady to lower as more cream filters into ice cream facilities rather than into churns. Interest in condensed buttermilk by ice cream manufacturers is also decreasing the amount of condensed buttermilk movement into dryers. Supplies are anticipated to remain in balance to tight throughout the warm summer months.

F.O.B. CENTRAL: .7350 - .8000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are again steady to higher. Northeastern prices are nominal. The market tone is firming slightly as churning activity declines and early-June sales have helped ease the supply glut. Demand for liquid/condensed buttermilk continues at seasonally good levels. Producer stocks are in better balance, but still fully adequate. Demand seems to have improved as more producers are receiving inquiries from prospective buyers. Some feel that this is just "tire kicking," while others think that it time for demand to improve as we head into the hot months of the year.

F.O.B. NORTHEAST: .6900 - .7000
 DELVD SOUTHEAST: .7000 - .7200

DRY BUTTERMILK - WEST

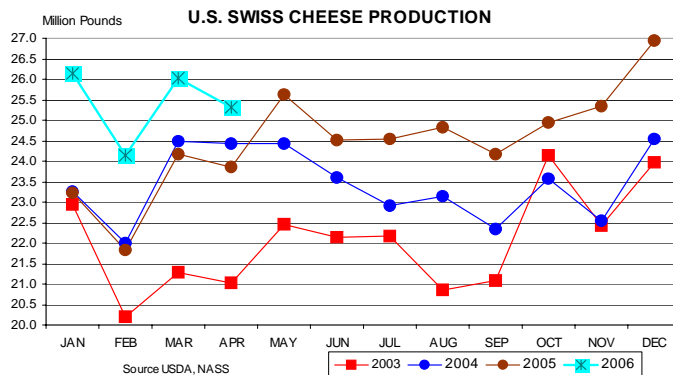
Western buttermilk prices are moving slightly higher in moderate trading. The market tone is firming as several producers have cleared stocks to more manageable levels. Drying schedules remain active, but more condensed solids are moving toward ice cream production. The impact of less milk, declining fat levels in the milk, and more cream moving to ice cream production will further help balance the dry buttermilk market. Stocks have moved lower from recent weeks.

F.O.B. WEST: .6100 - .6800 MOSTLY: .6400 - .6600

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Prices are nominal. Production remains light as orders have been relatively slow. Some export interest is noted, but there is little reported change in output. Dryer time is available should producers which to make more. Producer stocks are closely balanced. Demand is slow to fair.

F.O.B. PRODUCING PLANT: 1.1000 - 1.2375



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady market. Producer and reseller offerings are generally noted at a premium. Spot interest from buyers is lackluster with most trade occurring on regular contractual commitments. Production is mostly steady despite lower milk output in some areas. Traders continue to report the market as "flat." Stocks of whey are reportedly in balance to somewhat tight. Feed grade supplies are available. Offerings of feed grade whey near the average are being met with resistance

F.O.B. CENTRAL: .2725 - .2950 MOSTLY: .2725 - .2775
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2550 - .2675

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone continues to show signs of firming. Contacts comment that offerings direct from producers are lighter and buyers are starting to show more interest as most feel that prices will soon start increasing. Production levels are steady to lighter in the East as milk supplies are still quite heavy in this region. Also, some additional offerings of condensed skim are being made to cheese makers for delivery during the July fourth holiday period. Producers have little extra powder to offer on the spot market, but there are unconfirmed reports that some producers are asking contract buyers to pick up their loads on dates scheduled or face additional storage charges. The recent, heavy rains in the East are having some impact on dryer efficiencies, not to mention delivery/hauling problems. Domestic demand appears to be improving and most spot demand is being filled in the resale side of the market. Export interest is steady at fair to good levels.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2750 - .3000
DELVD SOUTHEAST: .2900 - .3300

DRY WHEY - WEST

The Western whey market has moved to a fairly balanced position. The market tone is steady. Many trade contacts called the market "stable" and opined that conditions were in good shape. Whey offerings are lighter and there are fewer discounts when compared to a few weeks ago. Export interest has been good and has committed both current and future volumes. Domestic demand is steady and mainly to regular accounts. Production levels are moving lower seasonally as milk intakes are trending downward. Inventories are light to in balance.

NONHYGROSCOPIC: .2750 - .3200 MOSTLY: .2800 - .3000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Some increased interest is noted into export markets, especially for heat-treated supplies. Most movement is contractual. Producers anticipate prices to trend higher in response to reduced milk production and increasing demands for protein into domestic and foreign markets. Most buyers that can utilize 80% WPC, that is more readily available than 34% WPC, have already altered their formulations. Feed users continue to opt for lower cost feed quality 34% or 80% WPC and continue to utilize wheat proteins in their formulations.

F.O.B. EXTRA GRADE 34% PROTEIN: .5600 - .6100 MOSTLY: .5700 - .5900

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. As third quarter contracts will be reflected in next week's report, prices are anticipated to trend significantly higher. Third quarter contracts continue to be negotiated with some sellers refusing to settle until after the first week of the year. Inquiries are heavy with most producers unable to satisfy buyer interest. Contractual supplies available for third quarter are expected to be reduced as producers remain short on second quarter contracts. Feed grade supplies are available at some locations and trading near the average for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2400 - .3500 MOSTLY: .2700 - .3300

CASEIN - NATIONAL

Casein markets and prices are generally steady. Stocks of both rennet and acid are in balance with acid most limited. Rennet demand has been light as natural cheese prices have remained low. Acid demand continues at fairly active levels, although lighter than last year at this time. Some buyers continue to indicate that they have reformulated their products to reduce or in instances, totally replace casein as an ingredient. For those that have completely replaced casein with another protein, they remain hesitant to reintroducing casein back into their product. International casein supplies are available with some offerings at lower than the reported price ranges. These lower priced offerings have buyer questioning the product makeup and quality consistency.

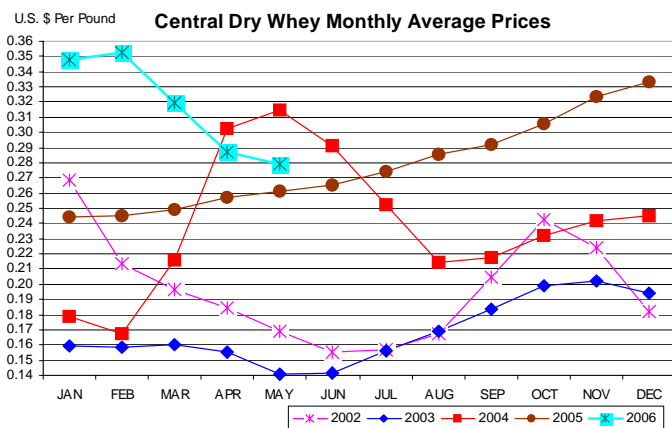
SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000
ACID: 3.0500 - 3.1500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Milk supplies are declining in many parts of the country, but are still quite heavy in the Northeast and producers are adjusting their production schedules accordingly. Demand for canned evaporated milk is seasonally slow to fair and producers are building inventories while milk is plentiful. However, a few sales promotions have been noted in recent weeks.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 26 - 30, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 06/23/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	198,000	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	1,972,869	268,824	1,704,045	65,292,607	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	1,972,869	268,824	1,704,045	65,292,607	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 26 - 30, 2006 =	0.4	19.8	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	16.2	762.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - JUNE 30, 2006 =	16.2	762.0	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 26 - 30, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	484,284	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	1,219,761	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,848,543	1,331,567	13.8	4.2
WEST	-0-	-0-	-0-	-0-	61,039,588	29,415,099	82.9	92.4
EAST	-0-	-0-	-0-	-0-	2,404,476	1,070,603	3.3	3.4
TOTAL	-0-	-0-	198,000	-0-	65,292,607	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/10/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.7	5.4	2.2	14.4	2.2	0.3	N.A.	13.3	1.5	41.0	1,022.3	40.0	45.1
2005-Dairy	N.A.	0.6	5.2	1.9	12.6	2.1	0.6	N.A.	10.9	2.7	37.4	1,043.8	43.6	47.9
2006-All cows	N.A.	0.7	6.8	11.0	28.7	19.0	13.8	N.A.	16.5	2.2	102.5	2,264.3		
2005-All cows	N.A.	0.7	6.4	10.7	23.7	13.7	10.6	N.A.	13.2	4.6	85.8	2,181.2		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75	11.34					
II	13.25	12.62	11.69	11.37	11.13	11.00						
III	13.39	12.20	11.11	10.93	10.83	11.29						
IV	12.20	11.10	10.68	10.36	10.33	10.22						

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm

JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2006 was unchanged at 147. Compared with June 2005, the index was up 6 points (4.3 percent). The index of prices received by farmers for dairy products advanced 1 point during the month of June 2006 to 93. Compared with June 2005, the index was down 17 points (15.5 percent).

Prices received by farmers in June with changes from May were: for All Milk, \$12.10 per hundredweight (cwt.), up \$.10; Fluid Grade Milk, \$12.10 per cwt., up \$.10; and for Manufacturing Grade Milk, \$11.40 per cwt., up \$.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 2006 WITH COMPARISONS*

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		Alfalfa hay, baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	2006 <u>2/</u>	2005 <u>2/</u>	2006 <u>4/</u>	2005 <u>2/</u>	2006	2005	2006 <u>7/</u>	2005 <u>8/</u>	2006	2005
CA	10.92	13.48	10.90	13.38	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		43.00	54.50	121.00	141.00
ID	10.90	13.50	11.30	13.60			43.70	56.60	118.00	106.00
MI	12.20	15.00	12.20	14.60			50.00	56.00	95.00	85.00
MN	12.00	15.00	12.30	14.80			50.50	59.10	76.00	76.00
NM	11.00	13.50	11.60	13.70			42.30	57.80	160.00	128.00
NY	12.40	15.40	12.20	14.90			---	---	155.00	140.00
PA	13.50	16.50	13.50	15.90			49.50	56.30	172.00	143.00
TX	12.00	14.50	12.00	14.30			41.10	54.20	150.00	125.00
WA	11.60	14.40	11.60	14.20			---	---	120.00	110.00
WI	12.30	15.20	12.50	14.90			48.70	57.30	90.00	105.00
U.S.	12.00	14.70	12.10	14.40			46.10	56.80	115.00	112.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 2006 WITH COMPARISON

ITEM	JUNE 2005	MAY 2006 <u>1/</u>	JUNE 2006 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	14.40	12.00	12.10
Fluid grade milk	14.40	12.00	12.10
Manufacturing grade milk	14.00	11.30	11.40
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	119	115	118
Prices received by farmers for dairy products	110	92	93
Prices paid by farmers for commodities and services, interest taxes, and wage rates	141	147	147
Prices paid by farmers for production items	140	146	146
Prices paid by farmers for feed	121	124	121
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	2.87	2.33	2.44

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (6/06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, JULY 2006, WITH COMPARISONS 1/

For July 2006, the all-city average announced cooperative Class I price was \$15.78 per cwt., \$1.91 higher than the Federal milk order (FMO) Class I price average for these cities, a new record high difference. The July cooperative Class I price was \$.60 higher than the June price, while the Federal order Class I price was \$.59 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.64 in Miami, FL. For July 2005, the all-city average announced cooperative Class I price was \$17.99, \$1.57 higher than the Federal order Class I price average for these cities.

City	July 2006		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	17.11	14.44	2.67
Baltimore, MD	16.26	14.34	1.92
Boston, MA	16.09	14.59	1.50
Charlotte, NC	17.11	14.44	2.67
Chicago, IL	15.41	13.14	2.27
Cincinnati, OH	15.44	13.54	1.90
Cleveland, OH	15.24	13.34	1.90
Dallas, TX	16.24	14.34	1.90
Denver, CO	14.74	13.89	0.85
Des Moines, IA	14.92	13.14	1.78
Detroit, MI	15.03	13.14	1.89
Hartford, CT	15.99	14.49	1.50
Houston, TX	16.84	14.94	1.90
Indianapolis, IN	15.24	13.34	1.90
Kansas City, MO	15.11	13.34	1.77
Louisville, KY	16.21	13.54	2.67
Memphis, TN	16.61	14.14	2.47
Miami, FL	19.28	15.64	3.64
Milwaukee, WI	15.36	13.09	2.27
Minneapolis, MN	14.76	13.04	1.72
New Orleans, LA	17.41	14.94	2.47
Oklahoma City, OK	15.74	13.94	1.80
Omaha, NE	14.67	13.19	1.48
Philadelphia, PA	16.66	14.39	2.27
Phoenix, AZ	13.84	13.69	0.15
Pittsburgh, PA	15.86	13.44	2.42
St. Louis, MO	15.01	13.34	1.67
Seattle, WA	13.66	13.24	0.42
Springfield, MO	15.34	13.54	1.80
Washington, DC	16.26	14.34	1.92
Simple Average	15.78	13.87	1.91

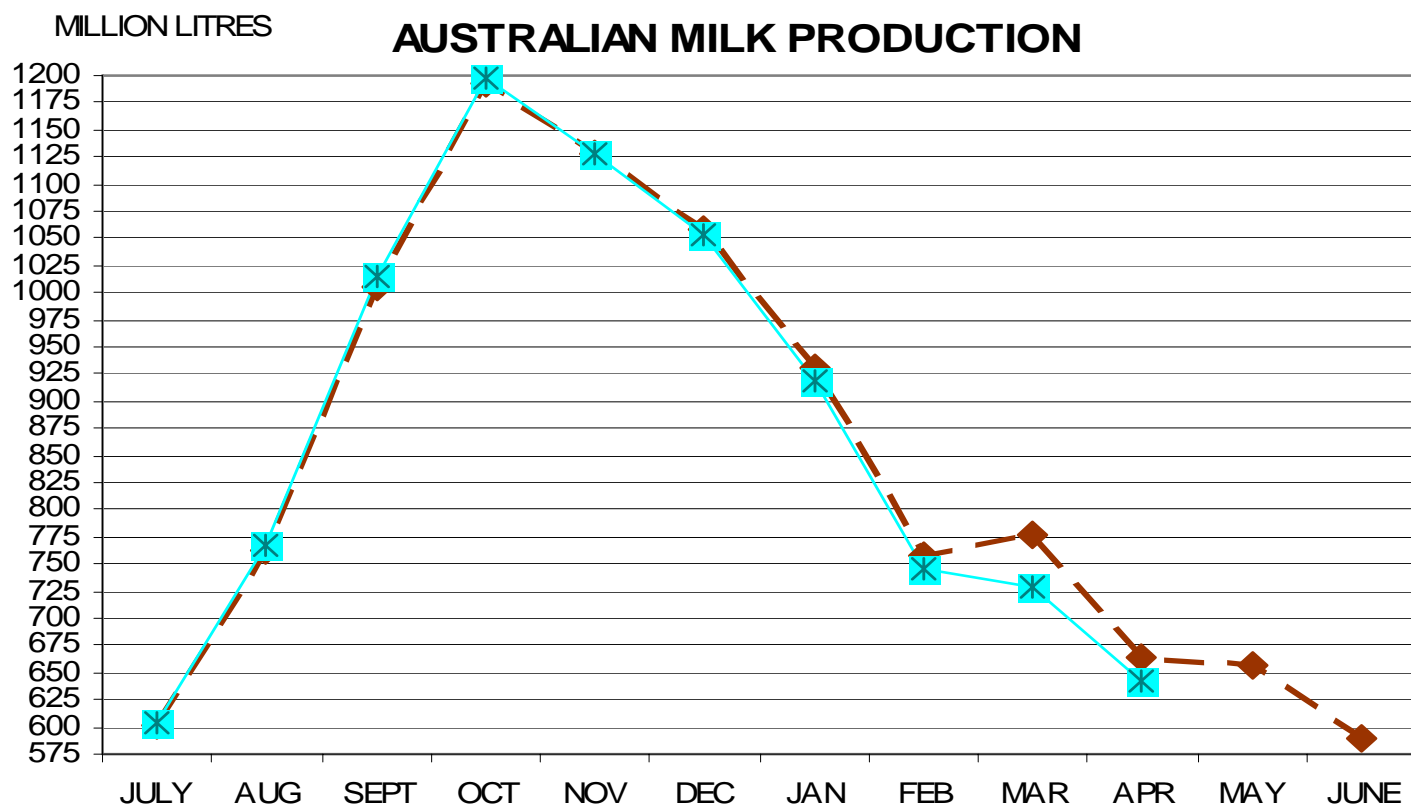
1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

FEDERAL MILK ORDER ADVANCE PRICES, JULY

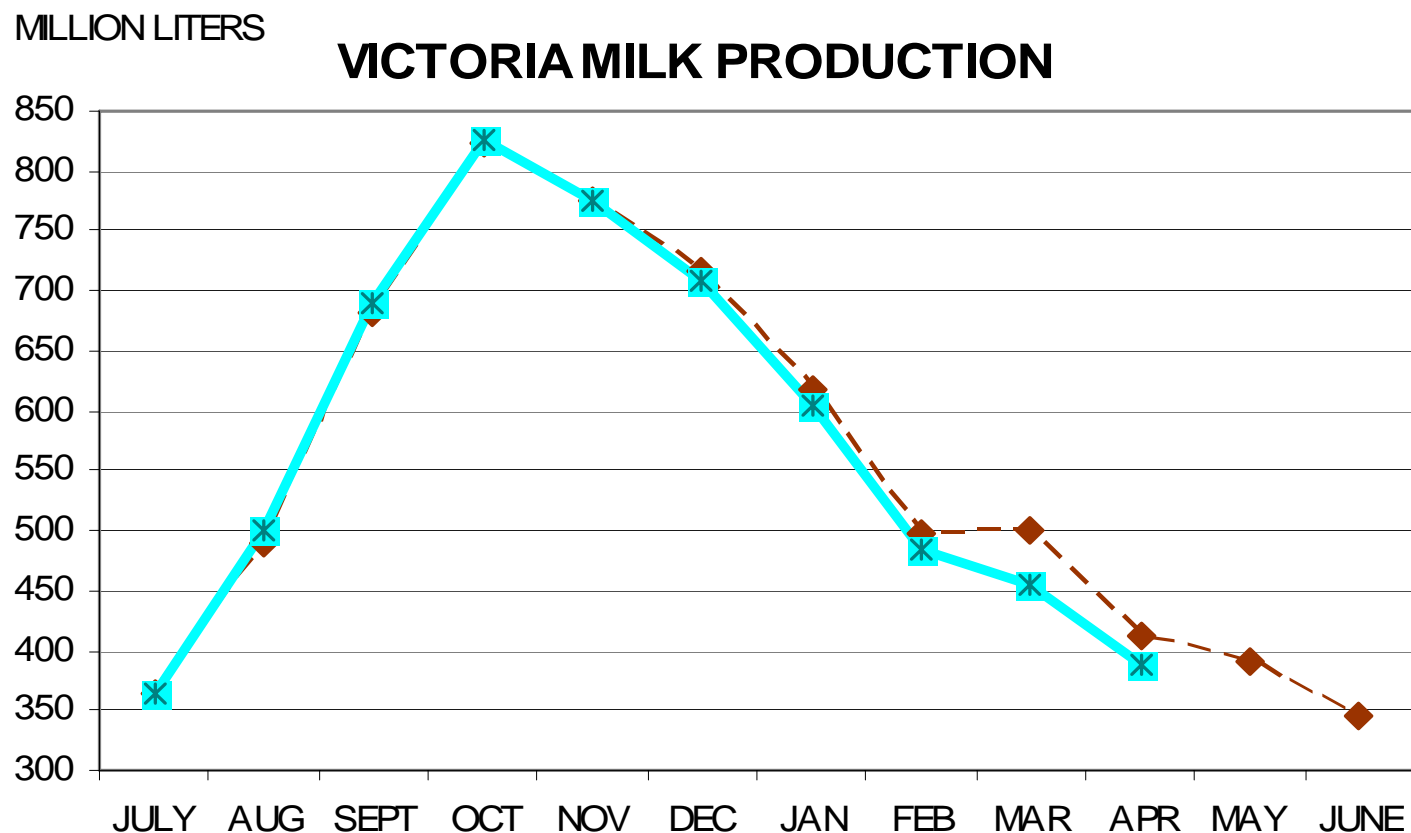
Class I Base Price - Under the Federal milk order pricing system, the Class I base price for July 2006 is \$11.34 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.24 and the advanced butterfat pricing factor of \$1.2430. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month** - Compared to June 2006, the Class I base price increased \$0.59 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.59 per cwt., \$0.051 per gallon; reduced fat milk (2%), \$0.62 per cwt., \$0.053 per gallon; fat-free (skim milk), \$0.66 per cwt., \$0.057 per gallon. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$6.06. Thus, the Class II skim milk price for July is \$6.76 per cwt., and the Class II nonfat solids price is \$0.7511. **Product Price Averages** - The two-week product price averages for July are: butter \$1.1508, nonfat dry milk \$0.8205, cheese \$1.2218, and dry whey \$0.2817.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	July 2006		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <u>4/</u>	001	14.59	10.49	1.2755
Appalachian (Charlotte) <u>5/</u>	005	14.44	10.34	1.2740
Southeast (Atlanta) <u>6/</u>	007	14.44	10.34	1.2740
Florida (Tampa) <u>7/</u>	006	15.34	11.24	1.2830
Mideast (Cleveland) <u>8/</u>	033	13.34	9.24	1.2630
Upper Midwest (Chicago) <u>9/</u>	030	13.14	9.04	1.2610
Central (Kansas City) <u>10/</u>	032	13.34	9.24	1.2630
Southwest (Dallas) <u>11/</u>	126	14.34	10.24	1.2730
Arizona (Phoenix) <u>12/</u>	131	13.69	9.59	1.2665
Pacific Northwest (Seattle) <u>13/</u>	124	13.24	9.14	1.2620
All-Market Average		13.99	9.89	1.2695

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Effective May 1, 2006, the name of the Federal order was changed. Clark County, Nevada which includes Las Vegas, was removed from the marketing area. 13/ Effective May 1, 2006, the name of the Federal milk order was changed. Clark County, Nevada, which includes Las Vegas, was removed from the marketing area. 13/ Class prices at other cities are: Portland same; and Spokane.



DATA COURTESY OF DAIRY AUSTRALIA LTD.

—◆— 2004-05 —x— 2005-06


DATA COURTESY OF DAIRY AUSTRALIA

—◆— 2004-05 —x— 2005-06

